



U.S. Department of Justice

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## **PRESS RELEASE**

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### **D.C. Men Plead Guilty to Filing False Tax Returns**

WASHINGTON - Andrew Novak, 43, and Daniel Feller, 49, of the District of Columbia, pled guilty today to charges relating to the preparation and filing of false and fraudulent Federal Form 1040 income tax returns for the years 2002 through 2007, announced U.S. Attorney Ronald C. Machen Jr. Novak and Feller entered their guilty pleas today before the Honorable Thomas F. Hogan, Senior United States District Judge. When sentenced on December 6, 2010, Novak and Feller each face up to three years imprisonment and a fine of up to \$250,000, but under the Federal Sentencing Guidelines face a likely sentencing guidelines range of 30 to 37 months imprisonment and a fine range of \$6,000 to \$60,000.

In connection with their guilty pleas, Novak and Feller admitted that from 2002 through 2007, they engaged in a scheme to steal and misapply over \$2.3 million in funds from Novak's former employer, identified as "Company K", a District of Columbia based company that provided advertising and media outreach services, by utilizing Feller's company Strategic Plus, Inc., ("SPI"). Novak and Feller caused false SPI documents entitled "Letter of Intent for Services" and fictitious SPI invoices to be submitted to Company K, resulting in checks being issued from Company K to SPI. Feller thereafter caused approximately 90 percent of the check proceeds to be sent to Novak and kept approximately 10 percent for himself. To assist Novak in the preparation of false Federal Form 1040 income tax returns, Feller falsified SPI check registers to ensure that Forms 1099 (relating to payments from corporations to individuals) were not issued for the payments being made from SPI to Novak. Novak thereafter prepared and filed false and fraudulent returns for the years 2002 through 2007, not reporting \$2,321,764 in income from the scheme. This resulted in a tax loss to the Internal Revenue Service of \$814,744.

"Tax violations have been erroneously referred to as victimless crimes, but it is the honest law abiding citizen who is harmed when someone tries to manipulate our nation's tax system," stated Rebecca Sparkman, Internal Revenue Service-Criminal Investigation Special Agent in Charge, Washington DC Field Office. "The prosecution of individuals who intentionally conceal and fail to report income is a vital element of the IRS' enforcement strategy."

In announcing today's guilty pleas, U.S. Attorney Machen commended the work of the FBI Special

Agents who worked on the case and IRS Criminal Investigations Special Agent James Greczek who investigated the matter, and the staff of the U.S. Attorney's Office, including Paralegals Jamasee Lucas and Jared Forney and Assistant U.S. Attorney John Griffith, who is prosecuting the case.

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